

WATER/ABJ/DON/EYC:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4425
October 2, 2003**

R E S O L U T I O N

**(RES. W-4425), PENNGROVE WATER COMPANY (PWC). ORDER
AUTHORIZING AN INCREASE IN ANNUAL REVENUE OF \$3,113 OR
0.85% TO OFFSET AN INCREASE IN PURCHASED WATER EXPENSE.**

SUMMARY

By Advice Letter No. 54, filed on May 27, 2003, PWC seeks revision of its tariff Schedule No. P-1, Metered Service, to provide an increase in gross annual revenues of \$3,113 or 0.85% to reflect increased purchased water costs.

BACKGROUND

PWC serves approximately 550 customers in the city of Penngrove and vicinity, Sonoma County.

The present rate schedule in this division became effective on February 13, 2003, to offset Department of Health Services (DHS) fees in accordance with General Order 96-A (Res. No. W-4327 in Advice Letter 52). PWC's last general rate increase became effective on November 21, 1995, pursuant to Res. W-3953 authorizing a general rate increase of \$25,447 or 12.9% with a rate of return of 14.25%.

In order to reflect current purchased water costs in its water rates, PWC proposes a water quantity rate increase of \$0.044 due to the unanticipated increase in wholesale charges of \$0.044/100 cu. ft. for water by the Sonoma County Water Agency's (SCWA) Water Transmission System contract for Fiscal Year 2003/04.

DISCUSSION

PWC proposes a surcharge to increase its quantity rate by \$0.044/100 Ccf in order to reflect SCWA's purchased water charges. This will produce an estimated additional \$3,113 in annual revenues. The increase in purchased water costs has been applied to the quantity portion of the rates, since this component varies and is directly related to water consumption. The current quantity rate would increase from \$3.294 to \$3.338. This proposed change will raise the average residential customer's monthly bill (with a 5/8" x 3/4" meter and using 10 Ccf/mo.) by \$0.44 or 0.813% from \$54.12 to \$54.56. The Water Division has reviewed the supporting workpapers submitted by PWC.

The increase requested in this advice letter is 0.85% of revenue. According to current Water Division policy, offset increases are not processed if they are less than 1.0% of revenue. If PWC is not granted this offset increase, the under-collection in its purchased water balancing account will quickly approach 2.0% of revenue. At that point, PWC would be eligible to file for an increase to amortize the under-collection balance. In view of this, the Division believes that it would be in the customer's best interest to grant the 0.85% increase requested at this time, thus, alleviating a greater increase in the near future.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. PWC earned a rate of return on a recorded basis of 10.33% in 2002 which does not exceed its last authorized rate of return of 14.25%.

NOTICE

Notice of the proposed rate increase was published in The Press Democrat newspaper of general circulation on May 23, 2003 and re-noticed on July 17, 2003 as evidenced by the Proof of Publications provided to the Water Division by the utility. There were no protests concerning the proposed increase.

FINDINGS

1. By Advice Letter No. 54, PWC seeks a \$3,113 or 0.85% increase in revenues to reflect increased purchased water costs.

2. Water Division has reviewed the supporting workpapers submitted by PWC and finds them satisfactory.
3. The rates proposed by the utility in Advice Letter No. 54 are reasonable and should be adopted.

THEREFORE IT IS ORDERED THAT:

1. PWC is authorized, five days after the effective date herein, to make effective Schedule P-1, Metered Service, attached to Advice Letter No. 54, and to concurrently cancel the presently effective rate schedule.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 2, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director